

Financial Statements

Hudson Regional Health Commission
For the Year Ended December 31, 2022

**HUDSON REGIONAL HEALTH COMMISSION
AUDIT REPORT
DECEMBER 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees

Hudson Regional Health Commission

Secaucus, New Jersey 07628

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hudson Regional health Commission ("Commission"), as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Commission, as of December 31, 2022, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–12 and 38–40 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2024 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.



East Hanover, New Jersey

January 14, 2024

**HUDSON REGIONAL HEALTH COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
UNAUDITED**

The discussion and analysis of the Hudson Regional Health Commission financial performance provide an overall review of the Commission's financial activities for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the Commission's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Commission's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain comparative information between the current year (December 31, 2022) and the prior year (December 31, 2021) is required to be presented in the MD&A.

Financial Highlights

Key Financial highlights for 2022 are as follows:

In the Commission Statements:

- Total assets of governmental activities increased by \$1,254,859. Cash and cash equivalents decreased by \$115,971. Capital assets decreased by \$(143,546).
- General revenues accounted for \$3,029,697 in revenue or 59% of all revenues. Program specific revenues in the form of charges for services and operating grants accounted for \$2,065,861 or 41% of total revenues of \$5,095,557.
- The Commission had \$4,939,480 in expenses; \$2,065,861 of these expenses were offset by program specific charges for services and operating grants. General expenses amounted to \$2,873,619.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Commission as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole Commission, presenting both an aggregate view of the Commission's finances and a longer-term view of those finances.

**HUDSON REGIONAL HEALTH COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
UNAUDITED**

Reporting the Commission as a Whole

Statement of Net Position and the Statement of Activities:

While this document contains most of the funds used by the Commission to provide programs and activities the view of the Commission, looks at all financial transactions and asks the question, "How did we do financially during 2022?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting, similar to, the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Commission's net position and changes in net position. This change in net position is important because it tells the reader that, for the Commission as a whole, the financial position of the Commission has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include changes in economic conditions, population growth, development and new or changed government regulation.

In the Statement of Net Position and the Statement of Activities, the Commission has one kind of activity:

- Governmental activities – All of the Commission's programs and services are reported here.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Commission's financial statements. The notes to the financial statements can be found immediately following the Commission's financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
UNAUDITED**

The summary of changes in net position shows changes in net position for fiscal year 2022. In accordance with GASB Statement 34, revenue and expense comparisons to year 2021 is presented

Summary of Changes in Net Position

	<u>12/31/2022</u>	<u>12/31/2021</u>	Increase (Decrease)	Percentage Change
Revenues				
Registrations	\$ 345,298	\$ 297,883	\$ 47,415	16%
Municipal	219,860	219,860	-	0%
USEPA	96,292	96,292	-	0%
RTK	17,575	17,575	-	0%
NJ Dep CHEA	207,663	212,195	(4,532)	-2%
EQEF	15,000	31,000	(16,000)	-52%
HCIA	173,886	168,821	5,065	3%
County	1,761,096	1,726,565	34,531	2%
ERHC	99,468	113,058	(13,590)	-12%
EBL Municipal	20,400	35,400	(15,000)	-42%
Interest	47,323	926	46,397	5010%
Miscellaneous	23,359	11,601	11,758	101%
Hazardous Waste	2,476	2,704	(228)	-8%
Public Health Activities	2,065,861	2,627,048	(561,187)	-21%
Total Revenues	<u>\$ 5,095,557</u>	<u>\$ 5,560,928</u>	<u>\$ (465,371)</u>	
Expenses				
Personnel	\$ 2,553,164	\$ 2,913,239	\$ (360,075)	-12%
Office	36,301	45,196	(8,895)	-20%
Travel	41,959	30,617	11,342	37%
Contractual	116,026	83,838	32,188	38%
Equipment	80,016	62,121	17,895	29%
Other	46,153	29,602	16,551	56%
Public Health Activities	2,065,860	2,627,048	(561,188)	-21%
Depreciation	172,485	173,721	(1,236)	-1%
Capital Outlay	(28,938)	(87,912)	58,974	-67%
Total Expenses	<u>\$ 5,083,026</u>	<u>\$ 5,877,470</u>	<u>\$ (794,444)</u>	
Change in Net Position	\$ 12,531	\$ (316,542)	\$ 329,073	
Beginning Net Position	4,615,444	3,926,295	689,149	
Interest Income Penalty				
Enforcement	-	42	(42)	
Prior Year Adjustment	439,692	1,005,611	(565,919)	
Adjustment Compensated	207,097	-	207,097	
Rounding	-	38	(38)	
Ending Net Positions	<u>\$ 5,274,764</u>	<u>\$ 4,615,444</u>	<u>\$ 659,320</u>	

Note - The Governmental activities increased the Commission's net position by \$659,320.

**HUDSON REGIONAL HEALTH COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
UNAUDITED**

The Commission as a Whole

The Statement of Net Position provides the perspective of the Commission as a whole. Net position may serve over time as a useful indicator of the Commission's financial position. The Commission's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The statement below provides a summary of the Commission's net position for 2022. In accordance with GASB Statement 34, net position comparisons for the year 2021 are presented.

Summary Statement of Net Position

	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<u>Assets</u>				
Current & Other	\$ 7,935,131	\$ 6,536,726	\$ 1,398,405	21%
Capital Assets Net	680,001	823,547	(143,546)	-17%
Total Assets	\$ 8,615,132	\$ 7,360,273	\$ 1,254,859	
<u>Liabilities</u>				
Current Liabilities	\$ 3,340,368	\$ 2,744,829	\$ 595,539	22%
Total Liabilities	\$ 3,340,368	\$ 2,744,829	\$ 595,539	
<u>Net Position</u>				
Unassigned	\$ 4,461,454	\$ 3,689,110	\$ 772,344	21%
Assigned	133,309	102,787	30,522	30%
Capital Assets	680,001	823,547	(143,546)	-17%
Total Net Positions	\$ 5,274,764	\$ 4,615,444	\$ 659,320	
Total Liabilities & Net Positions	\$ 8,615,132	\$ 7,360,273	\$ 1,254,859	

Note - Net Position may be a useful indicator of the Commission's financial position over time. In the case of the Commission, assets exceeded liabilities by \$5,274,764.

The assigned position of the Commission's net position, represents net position that can be expended by authorization of the Board of Commissions.

**HUDSON REGIONAL HEALTH COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
UNAUDITED**

General Fund Budgeting Highlights

The Commission prepares and adopts an annual budget. The budget is designed to demonstrate that the cash flows of the Commission for the coming year will be sufficient to cover operating expenses.

Over the course of the year the Commission revised the annual operating budget as needed. Revisions in the budget were made to reorganize revenues that were not anticipated and to prevent over-expenditures in specific line-item accounts.

The following table provides a 2022 budgetary comparison:

	<u>Budget as Modified</u>	<u>Budgetary Comparison</u>	
		<u>Actual</u>	<u>Favorable (unfavorable)</u>
<u>Revenues</u>	<u>\$5,216,200</u>	<u>\$5,073,722</u>	<u>\$(142,478)</u>
<u>Expenditures</u>			
Personnel	\$2,666,224	\$2,553,164	\$113,060
Other Expenses	<u>2,549,976</u>	<u>2,386,317</u>	<u>163,659</u>
Total	<u>\$5,216,200</u>	<u>\$4,939,481</u>	<u>\$276,719</u>
Excess Revenues Over Expenditures		<u>\$134,241</u>	<u>\$134,241</u>

Capital Assets

At the end of December 31, 2022 the Commission had \$680,001 invested in capital assets. The schedule shows the year 2022 balance compared to 2021.

	<u>Capital Assets at December 31</u>	
	<u>2022</u>	<u>2021</u>
Automotive	\$387,880	\$480,534
Furniture & Fixtures	6,829	4,200
Equipment	<u>285,292</u>	<u>338,813</u>
Total	<u>\$680,001</u>	<u>\$823,547</u>

Overall capital assets decreased \$143,546 from 2021 to 2022. For more information, please refer to the notes

**HUDSON REGIONAL HEALTH COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
UNAUDITED**

Economic Factors and Next Year's Budgets and Rates

Hudson Regional Health Commission BUDGET ··JUSTIFICATION 2023

The 2023 Budget of \$4,097,752 reflects an overall increase of \$245,731 which is about 8.19% (Excluding Grants) when compared to 2022 Budget, this is due to the fact that 2023 budget is only assuming 6 months of grants' funding (CDC, COVID19 & Lead Grant) while 2022 reflects 12 months of grants' funding. Personnel cost overall increased by \$192,174 and the other cost category reflects an increase of \$53,557 due to increase/decrease on office expense, contractual & other, which resulted in the overall 2022/2023 above increase of \$245,731 or 8.19%.

Increases/Decreases are summarized below:

Salary: Increase \$153,128: Increase in this category is due to the fact that 2023 budget is only assuming 6 months of grants funding (CDC, COVID19 & Lead Grant) for the personnel that is split between these grants and the consolidated fund, while the 2022 Budget reflects 12 months. It also reflects saving from IT resignation and going into contract agreement instead.

Overtime/On Call/Temporary: No increase/Decrease: Overtime, On Call and Temporary employees cost remained under amount budgeted in 2022 and are estimated to remain the same in 2023.

Overtime Idling: Decrease (\$4,919): This is due to the fact that 2023 budget is only reflecting 6 months of the 2022/2023 Idling Grant, while the 2022 Budget reflects 12 months.

Payroll Taxes Increase \$8,327: Payroll taxes are directly related to the amount reflected under the employee's compensation category. Payroll Taxes' calculation formula reflects FICA tax exemption for the employees' contribution portion of the health insurance bill, which is estimated at \$112,113 in 2023 (excluding grants). Since we are at the top level of the contribution chart, the employee's percent (%) of contribution for the health benefit remained the same as 2022 for 2023. There is a 7.076% health insurance premium increase anticipated in 2023 plus the 2023 budget is only reflecting 6 months of grants funding (CDC, COVID19 & Lead Grant) for the personnel that is split between these grants and consolidated fund. SUI was based on the limitation of \$39,800/employee/year.

Health Benefit: Increase \$54,649: Amount budgeted under this category was based on previous year experience. There was a 7.076% rate increase from 2021 to 2022, there were also two (2) employees that retired in 2022. The 2022 Budget reflect the savings from the retired employees which is also reflected in the 2022 estimated actual plus 12 months grants' funding while the 2023 budget is reflecting only 6 months of grants funding (CDC, COVID19 & Lead Grant) for the personnel that is split between these grants and the consolidated fund plus the 7.076% rate increase.

**HUDSON REGIONAL HEALTH COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Dental: Increase \$1,046: Amount budgeted under this category was based on previous year experience. There was no premium increase from 2021 to 2022. The 2023 budget is only assuming 6 months of grants funding (CDC, COVID19 & Lead Grant) for the personnel that is split between these grants and the consolidated fund while 2022 budget reflects 12 months plus one employee rate increase from couple to family for 7 months only while 2023 reflects the 12 months for this change.

Workers Compensation: No increase/Decrease: W/C is directly related to the amount reflected under the employee's compensation category. Amount budgeted was based on previous year experience. There was no premium rate increase/decrease from 2021 to 2022. The 2023 budget is assuming 6 months of grants funding (CDC, COVID19 & Lead Grant) for the personnel that is split between these grants and consolidated fund while 2022 Budget reflects 12 months of funding for these grants. 2023 Budgeted amount kept the same as 2022 Budgeted amount to cover for unexpected increase after W/C audit takes place.

P.E.R.S: Decrease (\$35,831): Public Employee Retirement System is at 100% of contribution. PERS is directly related to the amount reflected under the employee's compensation category. There was a premium increase of 1.01% from 2021 to 2022 actual bills but the actual amount in 2022 remained under the amount budgeted for that year. The 2023 budget was based in 2022 actual bill instead of the 2022 budgeted amount plus the 1.01% increase minus the 6 months of grants funding (CDC, COVID19 & Lead Grant) for the personnel that is split between these grants and the consolidated fund.

Retiree Health Benefit: Increased \$15,774: Amount budgeted under this category was based on previous year experience. There was an average premium increase of 10.90% from 2021 to 2022 policy, including Medicare's premium, 2022 budget reflects 7 months for one (1) employees that retired in 2022 while 2023 budget reflects 12 months for this employee. There is no new enrollment anticipated in the 2023 budget.

All Other Budget Categories: Increase \$53,557: All other budget categories were calculated based on previous year experience. When comparing 2022 **Budget** "other cost" to 2023 **Proposed Budget** "other cost" there is an overall **increase of \$53,557**. This is due to decrease in office expense of (\$200) due cooler rental cancelation, increase in contractual of \$57,036 due to the new IT Agreement 7 months in 2022 budget while 12 months in 2023 budget, decrease under training of (\$5,279) due to training in 2022 not anticipated in 2023, increase under communication of \$1,800 due to plan increase and addition of lines and increase under meeting of \$200 due to the fact that the budgeted amount under this category has been kept the same for a while and the actual expenditures has caught up to the budgeted amount due to unexpected increases.

REVENUE INCREASE/DECREASE:

The Commission's revenue portion of the budget has been very stable over the past few years. The 2023 Budget of \$4,097,752 reflects an overall increase of \$245,731 which is about 8.19% when compared to 2022 Budget.

**HUDSON REGIONAL HEALTH COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Increases/Decreases are summarized below:

Hudson County: Increase: \$35,222: There is a 2% increase anticipated to the Hudson County's Agreement in 2023.

Hudson County Improvement Authority: Increase \$5,216: There is a 3% increase anticipated to the Hudson County Improvement Authority's Agreement in 2023.

CEHA/Idling: Decrease (\$4,919): This is due to the fact that 2023 budget is only reflecting 6 months of the 2022/2023 Idling Grant, while 2022 Budget reflects 12 months of funding.

Essex Regional Health Commission: Decrease (\$9,720): This is due to the fact that 2022 reflects the IT Service Agreement while this service agreement is not anticipated in 2023.

Deferred Revenue R&C: Decrease (\$3,537): Overall decrease for these categories is due to the fact that R&C revenue was budgeted at it maximum in 2023, while 2022 Budget reflects maximum amount allowed plus 100% of previous cycles additional collections (based on 3rd year for current R&C registration cycle).

Penalty (EQEF): Decrease (\$15,000): Full EQEF fund balance was anticipated in 2022 leaving no funds available for 2023 Budget. \$31,000 of these funds were anticipated in the 2021 Budget and the remaining \$15,000 fund balance in the 2022 Budget.

Reserve: Increase \$238,469: Increase for this category reflects an increase in the amount required from surplus to balance the budget, which is due to the increase in the 2023 budget appropriations when compare to 2022 budget appropriations while the revenue portion of the budget remained basically the same (Overall increase of \$7,262). This is due to the fact that 2023 budget is only assuming 6 months of grants' funding (CDC, COVID19 & Lead Grant) while 2022 reflects 12 months of grants' funding.

Appropriations:

Personnel	\$2,689,106
Grant Programs	852,411
Office	86,800
Travel	41,800
Contractual	218,935
Equipment	104,500
Other	<u>104,200</u>
Total Appropriations	<u>\$4,097,752</u>

**HUDSON REGIONAL HEALTH COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Revenue:

Sufficient revenue must be raised from various sources to support the annual spending plan. Revenues used to support the 2023 Budget are summarized below:

<u>Revenue Sources</u>	
Local Revenues (Municipal & County)	\$2,215,680
Miscellaneous Revenue	41,300
HRHC EQEF	-
ERHC Reserve	99,468
R&C	248,016
Total	<u>324,440</u>
	<u>\$2,928,904</u>
State Revenues	\$413,247
Federal Revenues	<u>755,601</u>
Total Revenues	<u>\$4,097,752</u>

Contacting the Commission

This financial report is designed to provide a general overview of the Hudson Regional Health Commission finances for all of those with an interest in the Commission's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Hudson Regional Health Commission, 595 County Avenue, Building 1, Secaucus, New Jersey 07628.

HUDSON REGIONAL HEALTH COMMISSION
GOVERNMENTAL FUND BALANCE SHEET / STATEMENT OF NET POSITION
DECEMBER 31, 2022

	General Fund	Environmental Quality Enforcement Fund	Penalty Enforcement Fund	Total	Adjustments	Statement of Net Position
Assets						
Current Assets						
Cash & Equivalents	\$ 285,097	\$ 11,595	\$ -	\$ 296,692	\$ -	\$ 296,692
Cash Management Fund	4,730,801	104,335	133,309	4,968,445	-	4,968,445
Accounts Receivable Grants & Contracts	2,513,669	-	-	2,513,669	-	2,513,669
Accounts Receivable Municipalities	92,630	-	-	92,630	-	92,630
Mileage Reimbursement Receivable	9,670	-	-	9,670	-	9,670
Due from Hudson City Improvement Authority	-	43,472	-	43,472	-	43,472
Capital Assets net of Accumulated Depreciation (Note 9)	-	-	-	-	680,001	680,001
Total Current Assets	\$ 7,631,867	\$ 159,402	\$ 133,309	\$ 7,924,578	\$ 680,001	\$ 8,604,579
Long Term Assets						
Deferred Outflows:						
Pension Related	\$ -	\$ -	\$ -	\$ -	\$ 976,861	\$ 976,861
OPEB Related	-	-	-	-	2,218,962	2,218,962
Total Deferred Outflows	\$ -	\$ -	\$ -	\$ -	\$ 3,195,823	\$ 3,195,823
Right of Use Assets	\$ 10,553	\$ -	\$ -	\$ 10,553	\$ -	\$ 10,553
Total Assets	\$ 7,642,420	\$ 159,402	\$ 133,309	\$ 7,935,131	\$ 3,875,824	\$ 11,810,955
Liabilities						
Accounts Payable	\$ 267,279	\$ -	\$ -	\$ 267,279	\$ -	\$ 267,279
Accrued Salaries	13,337	-	-	13,337	-	13,337
Compensated Absences Payable	207,097	-	-	207,097	-	207,097
Payroll Taxes & Deductions Payable	15,679	-	-	15,679	-	15,679
Prepaid Registration Fees	1,013,892	-	-	1,013,892	-	1,013,892
Due Expenditures HCIA	7,619	-	-	7,619	-	7,619
Due Expenditures CRI	200,463	-	-	200,463	-	200,463
Due MRC Grant	5,003	-	-	5,003	-	5,003
Unearned Rutgers Mosq. Grant	218	-	-	218	-	218
Unearned COVID 19 Vaccine Grant	327,675	-	-	327,675	-	327,675
Unearned State Lead Grant	204,080	-	-	204,080	-	204,080
Unearned NJACCHO	499,243	-	-	499,243	-	499,243
Unearned CDC Grant	405,311	-	-	405,311	-	405,311
Unearned RTK	8,788	-	-	8,788	-	8,788
Unearned Expenditures Mileage	9,670	-	-	9,670	-	9,670
Due Hudson Regional Health Commission	-	12,360	-	12,360	-	12,360
Due Hudson County Improvement Authority	-	132,101	-	132,101	-	132,101
Total	\$ 3,185,354	\$ 144,461	\$ -	\$ 3,329,815	\$ -	\$ 3,329,815
Long Term Liabilities						
Net Pension Liabilities	\$ -	\$ -	\$ -	\$ -	\$ 4,555,842	\$ 4,555,842
Net OPEB Liability	-	-	-	-	5,471,644	5,471,644
Total	\$ -	\$ -	\$ -	\$ -	\$ 10,027,486	\$ 10,027,486
Deferred Inflows						
Pension Related	\$ -	\$ -	\$ -	\$ -	\$ 933,452	\$ 933,452
OPEB Related	-	-	-	-	3,002,281	3,002,281
Total Deferred Inflows	\$ -	\$ -	\$ -	\$ -	\$ 3,935,733	\$ 3,935,733
Short Term Lease Liabilities	\$ 3,538	\$ -	\$ -	\$ 3,538	\$ -	\$ 3,538
Long Term Lease Liabilities	7,015	-	-	7,015	-	7,015
Total Liabilities	\$ 3,195,907	\$ 144,461	\$ -	\$ 3,340,368	\$ 13,963,219	\$ 17,303,587
Fund Balances						
Unassigned	\$ 4,446,513	\$ 14,941	\$ -	\$ 4,461,454	\$ (4,461,454)	\$ -
Restricted Penalty Enforcement Fund	-	-	133,309	133,309	(133,309)	-
Total Fund Balances	\$ 4,446,513	\$ 14,941	\$ 133,309	\$ 4,594,763	\$ (4,594,763)	\$ -
Total Liabilities & Fund Balances	\$ 7,642,420	\$ 159,402	\$ 133,309	\$ 7,935,131		
Net Position						
Net Investment In Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ 680,001	\$ 680,001
Unrestricted Deficit	-	-	-	-	(6,305,942)	(6,305,942)
Restricted Penalty Enforcement	-	-	-	-	133,309	133,309
Total Net Position	\$ -	\$ -	\$ -	\$ -	\$ (5,492,632)	\$ (5,492,632)

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
STATEMENT OF GOVERNMENT FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES / STATEMENT OF ACTIVITIES
DECEMBER 31, 2022**

	Environmental Activities	Public Health Activities	(EQEF) Environmental Activities	Total	Adjustments Note A	Statement of Activities
Revenues						
Registrations	\$ 345,298	\$ -	\$ -	\$ 345,298	\$ -	\$ 345,298
Municipal	219,860	-	-	219,860	-	219,860
USEPA	96,292	-	-	96,292	-	96,292
RTK	17,575	-	-	17,575	-	17,575
NJDEP/CHCA	207,663	-	-	207,663	-	207,663
NJ Lead Program	-	371,511	-	371,511	-	371,511
EQEF	-	-	15,000	15,000	-	15,000
HCIA	173,886	-	-	173,886	-	173,886
County	1,761,096	-	-	1,761,096	-	1,761,096
ERHC	99,468	-	-	99,468	-	99,468
EBL Municipal	20,400	-	-	20,400	-	20,400
Interest	47,323	-	-	47,323	-	47,323
Miscellaneous	23,359	-	-	23,359	-	23,359
CDC 2021/2022	-	390,758	-	390,758	-	390,758
CDC 2022/2023	-	363,307	-	363,307	-	363,307
COVID 19 Vac 2021-2022	-	518,035	-	518,035	-	518,035
Hudson County COVID 19	-	380,491	-	380,491	-	380,491
Monkey Pox 2022	-	4,839	-	4,839	-	4,839
NJACCHO-SLPH 2022-2023	-	757	-	757	-	757
SLF Grant	-	27,362	-	27,362	-	27,362
NJIT Mosquito	-	8,800	-	8,800	-	8,800
Hazardous Waste	2,476	-	-	2,476	-	2,476
Total	\$ 3,014,697	\$ 2,065,860	\$ 15,000	\$ 5,095,557	\$ -	\$ 5,095,557
Expenses						
Personnel	\$ 2,553,164	\$ -	\$ -	\$ 2,553,164	\$ -	\$ 2,553,164
Office	36,301	-	-	36,301	-	36,301
Travel	41,959	-	-	41,959	-	41,959
Contractual	116,026	-	-	116,026	-	116,026
Equipment	80,016	-	-	80,016	-	80,016
Other	46,153	-	-	46,153	-	46,153
Grants & Contracts for Services:						
CDC 2020/2021	-	390,758	-	390,758	-	390,758
CDC 2021/2022	-	363,307	-	363,307	-	363,307
COVID 19 Vac 2021-2022	-	262,824	-	262,824	-	262,824
COVID 19 Vac 2022-2023	-	255,211	-	255,211	-	255,211
Hudson County COVID 19	-	380,491	-	380,491	-	380,491
NJACCHO-SLPH 2022-2023	-	757	-	757	-	757
NJIT Mosquito	-	8,800	-	8,800	-	8,800
Lead Grants	-	371,511	-	371,511	-	371,511
Monkey Pox 2022	-	4,839	-	4,839	-	4,839
SLF Grant 2022	-	27,362	-	27,362	-	27,362
Depreciation	-	-	-	-	172,485	172,485
Capital Outlay	-	-	-	-	(28,938)	(28,938)
Total	\$ 2,873,619	\$ 2,065,860	\$ -	\$ 4,939,479	\$ 143,547	\$ 5,083,026
Excess Revenues/Expenditures	\$ 141,078	\$ 0	\$ 15,000	\$ 156,078	\$ (143,547)	\$ 12,531
Changes in Net Assets						
Fund Balances/Net Assets						
Beginning of Year						\$ (6,566,577)
Prior Year Adjustment						439,692
Adjustment for Compensated Absences						207,097
Adjustment for PERS & OPEB Liability						414,625
End of Year						<u>\$ (5,492,632)</u>

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Commission are prepared in accordance with generally accepted accounting principals (GAAP). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements report using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related program liability is incurred.

Government-wide and Fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Commission. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by fees and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statements presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Their revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period

The government reports the following major governmental funds:

The General Fund is the general operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another manner. The Penalty Enforcement Fund consists of fines collected and funds restricted for future expenditures designated by the Board of Commissions.

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 1 – Summary of Significant Accounting Policies (Cont.)

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity

Cash and Cash Equivalents – The Commission maintains separate accounts with depositories where necessary. Cash applicable to a particular fund is readily identifiable. Cash and cash equivalents are stated at cost, which approximates market value and have maturities of three months or less.

Advances to and from other funds – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables and payables, which arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Capital Assets – Capital assets, which include equipment, fixtures, and other long-lived assets, are reported in the government-wide financial statements. Capital assets are defined by the Commission as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, Plant, and Equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Furniture & Equipment	5
Vehicle	5

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Currently, the Commission has only two items that qualify for reporting in this category, deferred amounts related to pensions and deferred amounts related to Other Post Retirement Benefits.

In addition to liabilities, the statement of net position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the Commission has only two items that qualify for reporting in this category, deferred amounts related to pensions and deferred amounts related to Other Post Retirement Benefits.

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 1 – Summary of Significant Accounting Policies (Cont.)

Fund equity – In the fund financial statements, the unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved balances for governmental funds represent the amount that has been legally identified for specific purposes. Designations of fund balance represent tentative management plans that are subject to change.

Fund Equity and Net Position – In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

Restricted Net Position – This category represents external restrictions imposed by Board of Commissions for Board approved expenditures.

Unrestricted Net Position – This category represents the net position of the Commission, which are not restricted for any other purpose.

Leases - In June 2017, the Governmental Accounting Standards Board (“GASB”) issued guidance under GASB Statement No. 87, Leases, to increase transparency and comparability among organizations by requiring the recognition of right-of-use (“ROU”) assets and lease liabilities on the Statement of Net Assets. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Commission adopted the standard effective January 1, 2022, and recognized and measured leases existing on January 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment with certain practical expedients available. The Commission elected the available practical expedients to account for their operating leases as operating leases (the Commission did not have any capital leases classified as financing leases as of January 1, 2022), under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

In addition, the Commission elected the hindsight practical expedient to determine the lease term for existing leases. Our election of the hindsight practical expedient may have resulted in the shortening of lease terms for certain existing leases since the adoption of the new standard was as of January 1, 2022, and certain leases may have commenced prior to January 1, 2022. Lastly, in the application of hindsight, the Commission used the determination that most renewal options would not be reasonably certain in determining the expected lease term unless the lease was renewed during 2022 or as a subsequent event through the date the financial statements were issued for 2022 in 2023.

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 1 - Summary of Significant Accounting Policies (Cont.)

Leases (Cont.)

As a result of the adoption of the new lease accounting guidance, the Commission recognized on January 1, 2022, a lease liability at the carrying amount of their operating lease obligations on January 1, 2022, of \$14,065, and a right-of-use asset of \$14,065. The lease liability the Fund recognized on January 1, 2022, of \$14,065, represents the present value of the remaining operating lease payments, discounted using an average "risk-free treasury rates" ranging from 0.78% to 1.37% (see Note 3) and the right-of-use asset of \$14,065, represents the operating lease liability of \$14,065.

The implementation of the new standard had a material impact on the Commission's Fund Balance Sheet/ Statement of Net Assets but did not have an impact on the Commission's Statement of Government Fund Revenues, Expenditures and Changes in Fund Balances/ Statement of Activities. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

Note 2 – Agreement with Hudson County Improvement Authority (HCIA)

On January 1, 2018, Hudson Regional Health Commission entered into an agreement for a period of seven years (January 1, 2018 – December 31, 2024) with HCIA to develop, revise as necessary and supervise implementation of the solid waste component of the approved County Environmental Health Act Environment Work Plan. HCIA or recipient shall pay to Hudson Regional Health Commission \$154,494 annually. The \$154,494 component of the above compensation shall increase annually by 3.0% during the duration of this agreement. Any party to this contract may unilaterally withdraw from this agreement upon sixty (60) days written notice to all other parties.

Note 3 – Registration and Certification Fees

Registration and Certification Fees are recognized ratably over the registration period from January 1, 2021 to December 31, 2025. Registration fees collected during the twelve month period of January 1, 2022 to December 31, 2022 were collected for the 2025 registration period and income was recognized thru December 31, 2022.

Note 4 – Public Employees' Retirement System (PERS)

Substantially all of the Commission's employees participate in the Public Employee's Retirement System (PERS). This system is sponsored and administered by the New Jersey Division of Pensions and Benefits. The Public Employee Retirement System is considered a cost sharing multiple employer plan. The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contribution of 7.5%, as of July 18, 2018, of employees annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The actuarially determined contribution includes funding for the cost-of-living adjustments and noncontributory death benefits. The commission offers a 457(b) Deferred Compensation Plan to its employees. Under this plan employee contributions are made pre-tax and are accumulated tax deferred. The plan is administered by Valic Retirement Services and AXA.

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 4 – Public Employees’ Retirement System (PERS) (Cont.)

The Commission’s Employees participate in the State of New Jersey’s Health Insurance Plan. As of July 15, 2014 contributions will be based on percentage of salary range and the plan selected. Employee contributions are pre-tax under a Section 125 plan.

Pension Obligations

Plan Description – The State of New Jersey, Public Employees’ Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division’s Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Basis of Presentation – The schedules of employer and non-employer allocations and the schedules of pension amounts by employer and non-employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions – The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State’s pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2022, the State’s pension contribution was less than the actuarial determined amount. The local employers’ contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009.

HUDSON REGIONAL HEALTH COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022

Note 4 – Public Employees’ Retirement System (PERS) (Cont.)

Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2022, the Commission’s contractually required contribution to PERS plan was \$380,690.

Components of Net Pension Liability – At December 31, 2022, the Commission’s proportionate share of the PERS net pension liability was \$4,555,842. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The Commission’s proportion of the net pension liability was based on the Commission’s actual contributions to the plan relative to the total of all participating employers’ contributions for the year ended June 30, 2022. The Commission’s proportion measured as of June 30, 2022, was 0.0301883825% which was an increase of 0.004157% from its proportion measured as of June 30, 2021.

Balances at December 31, 2022 and December 31, 2021

	<u>12/31/2022</u>	<u>12/30/2021</u>
	June 30, 2022	June 30, 2021
Actuarial valuation date (including roll forward)		
Deferred Outflows of Resources	\$976,861	\$ 270,541
Deferred Inflows of Resources	933,452	2,233,262
Net Pension Liability	4,555,842	3,083,830
Commission’s portion of the Plan’s total Net Pension Liability	0.030188%	0.0260316%

Pension Expense and Deferred Outflows/Inflows of Resources – At December 31, 2022, the Commission’s proportionate share of the PERS benefit, calculated by the plan as of the June 30, 2022 measurement date is \$153,428. This benefit is not recognized by the Commission because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Commission contributed \$380,690 to the plan in 2022.

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 4 – Public Employees' Retirement System (PERS) (Cont.)

At December 31, 2022, the Commission reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 32,882	\$ 28,997
Changes of Assumptions	14,115	682,190
Net Difference between Projected and Actual Earnings on Pension Plan Investments	188,562	-
Changes in Proportion and Differences between Commission Contributions and Proportionate Share of Contributions	<u>741,302</u>	<u>222,265</u>
	<u>\$ 976,861</u>	<u>\$ 933,452</u>

The Commission will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years

Differences between Expected and Actual Experience

Year of Pension Plan Deferral	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.21	-
June 30, 2020	5.16	-
June 30, 2021	-	5.13
June 30, 2022	-	5.04

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 4 – Public Employees’ Retirement System (PERS) (Cont.)

Net Difference between Projected and Actual Earnings on Pension Plan Investments

Year of Pension Plan Deferral	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-
June 30, 2022	5.00	-

Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions

Year of Pension Plan Deferral	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
June 30, 2022	-	5.04

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

Year Ending	<u>Amount</u>
<u>Dec 31,</u> 2023	\$ (391,701)
2024	(199,097)
2025	(97,096)
2026	(211,826)
2027	(465)
Total	<u>\$(2,267,479)</u>

Actuarial Assumptions – The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

<u>Inflation:</u>	
Price	2.75%
Wage	3.25%

HUDSON REGIONAL HEALTH COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022

Note 4 – Public Employees’ Retirement System (PERS) (Cont.)

Actuarial Assumptions (Cont.)

Salary Increases:		
Through 2026	2.00 – 6.00%	Based on Years of Service
Thereafter	3.00 – 7.00%	Based on Years of Service
Years of Service Investment Rate of Return	7.00%	
Mortality Rate Table		
PERS	Pub-2010 General Classification Headcount weighted mortality with fully generational mortality improvement projections from central year using Scale MP-2021	
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2018 – June 30, 2021	

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2022.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return – In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 4 – Public Employees’ Retirement System (PERS) (Cont.)
Long-Term Expected Rate of Return (Cont.)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	2.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	8.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	5.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of the Commission’s proportionate share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Commission’s proportionate share of the net pension liability of the participating employers as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the Commission’s proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>At 1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
Commission Proportionate Share of the Net Pension Liability	<u>\$5,902,491</u>	<u>\$4,555,842</u>	<u>\$3,481,209</u>

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 5 – Interlocal Service Agreement

On September 10, 2014, Hudson Regional Health Commission entered into an Interlocal Service Agreement with the Town of Secaucus. The term of this agreement is from June 1, 2014 to May 31, 2024 and may be extended further for a period of ten years. Either party may, at any time, cancel this agreement upon 60 days written notice. Under the ordinance entitled "The Air Pollution Code of Hudson Regional Health Commission" owners and/or operators of air contamination sources operating within the jurisdiction of the Commission must file their registration at the offices of the Commission located in Secaucus, New Jersey. Owners who fail to register air contamination sources are subject to fines and penalties. The Commission for the term of this agreement shall institute and prosecute violations of the Ordinance in the Municipal Court of the town of Secaucus. The town of Secaucus shall collect all fines associated with the violations of the Ordinance. Secaucus shall keep as revenues, fifty percent (50%) of the penalties or fines collected. The other fifty percent (50%) of the penalties and fines collected shall be paid to the Commission.

Note 6 – Operating Leases

The Commission leases a postage meter and a copier. The Commission determines if an arrangement is a lease at inception. Any leases for operating leases that did not extend for more than a year after January 1, 2022, or that were considered immaterial were accounted for and are disclosed in these financial statements under the prior lease standard. Operating leases that commenced prior to January 1, 2022, and any new leases after January 1, 2022, that expire more than twelve months after January 1, 2022 are classified and disclosed under the new lease accounting standard (GASB No. 87) as operating lease right-of-use ("ROU") assets, and included as other assets, and operating lease liabilities on the Fund Balance Sheet/ Statement of Net Assets. The Commission did not have any finance leases classified as capital leases as of December 31, 2022. ROU assets represent the Commission's right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Commission has elected to use the risk-free treasury rate based on the information available at the commencement date of each lease in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Commission's lease terms may include options to extend or terminate the lease when it is certain that the option will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term as an administrative expense.

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 6 – Operating Leases (Continued)

	<u>Year Ending</u> <u>12/31/2022</u>
Leases Accounted for Under GASB 87	
Lease expense Postage Meter	
Operating lease expense	<u>\$805</u>
Total	<u>\$805</u>
Other Information Kyocera Copier	
Operating cash out flows from this operating lease	\$802
ROU assets obtained in exchange for new operating lease liabilities	\$1,594
Weighted-average remaining lease term in years for operating lease	2
Weighted-average discount rate for operating lease	0.78%
Maturity Analysis – Pitney Bowes Postage Meter	
2023	<u>\$802</u>
Total undiscounted cash flows	\$802
Less: present value discount	<u>(4)</u>
Total lease liabilities	<u>\$798</u>
Leases Accounted for Under GASB 87	<u>Year Ending</u> <u>12/31/2022</u>
Lease expense Xerox Copier	
Operating lease expense	<u>\$2,922</u>
Total	<u>\$2,922</u>
Other Information -Xerox Copier	
Operating cash outflows flows from copier operating lease	\$2,771
ROU assets obtained in exchange for new operating lease liabilities	12,471
Weighted-average remaining lease term in years for operating lease	4.5
Weighted-average discount rate for operating lease	1.37%
Maturity Analysis – Xerox Copier	
2023	\$2,856
2024	2,856
2025	2,856
2026	<u>1,428</u>
Total undiscounted cash flows	\$9,996
Less: present value discount	<u>(241)</u>
Total lease liabilities	<u>\$9,755</u>

HUDSON REGIONAL HEALTH COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022

Note 7 – Grant Funds

In the normal course of operations the Commission receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Note 8 – Line of Credit

On February 1, 2005 the Commission established a Variable Rate Non-disclosable Revolving Line of Credit with PNC Bank, National Association in the amount of \$200,000. The primary purpose of the line is for Working Capital. The rate of interest is calculated by using the highest Prime Rate as published in the "Money Rates" section of the Wall Street Journal plus the margin of 1%. The line of credit was renewed on October 21, 2022 with an expiration date of February 1, 2024.

Note 9 – Capital Assets

When Capital Assets (equipment) that are to be used in governmental activities are purchased, the cost of those assets are reported as expenditures in government funds. However, the Statement of Net Assets includes those Capital Assets among the assets of the Commission.

Capital Assets have been recorded at cost, and depreciated over their normal useful lives using the straight line method of depreciation:

	Net Balance <u>12/31/21</u>	Additions <u>2022</u>	Net Balance <u>12/31/22</u>
Cost of Capital Assets	\$2,326,679	\$28,938	\$2,355,617
Accumulated Depreciation	(1,503,132)	(172,485)	(1,675,617)
Total	\$823,547	\$(143,547)	\$680,000

Note 10 – Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave, vacation time and compensation time as specified by the Commission's employment policy and procedures. A liability has been calculated by the Commission and an accrual for the liability is included in the financial statements based on current pay rates.

Note 11 – Contracts for Service and Grant Agreement Contracts

The Commission has entered into Contracts for Services with:

MUNICIPAL	1/1/23-12/31/23	\$ 219,860
USEPA/CEHA 2022/2023	1/1/23-6/30/23	48,146
USEPA/CEHA 2023/2024	07/01/23-12/31/23	48,146
CEHA/NJDEP 2022/2023	1/1/23-6/30/23	98,035
CEHA/NJDEP 2023/2024	07/01/23-12/31/23	98,035
CEHA/IDLING 2022/2023	1/1/23-6/30/23	6,325
CEHA/IDLING 2023/2024	07/01/23-12/31/23	-

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 11 – Contracts for Service and Grant Agreement Contracts (Cont.)

RTK 2022/2023	1/1/23-6/30/23	8,788
RTK 2023/2024	07/01/23-12/31/23	8,788
HCIA	1/1/23-12/31/23	179,102
COUNTY	1/1/23-12/31/23	1,796,318
ERHC	1/1/23-12/31/23	133,218
EBL: Bayonne 2022/2023	1/1/23-6/30/23	2,100
Bayonne 2023/2024	07/01/23-12/31/23	2,100
East Newark 2022/2023	01/01/23-11/30/23	-
East Newark 2023/2024	12/1/2023-12/31/23	-
Guttenberg 2022/2023	01/01/23-11/30/23	1,100
Guttenberg 2023/2024	12/1/2023-12/31/23	100
Harrison 2023/2024	8/1/23-12/31/23	500
Hoboken 2022/2023	1/1/23-05/31/23	250
Hoboken 2023/2024	06/01/23-12/31/23	350
Kearny 2022/2023	1/1/23-02/29/23	500
Kearny 2023/2024	3/1/23-12/31/23	2,500
N. Bergen 2022/2023	1/1/23-05/31/23	250
N. Bergen 2023/2024	06/01/23-12/31/23	350
Secaucus 2022/2023	1/1/23-09/30/23	1,800
Secaucus 2023/2024	10/01/23-12/31/23	600
Union City 2022/2023	1/1/23-02/29/23	800
Union City 2023/2024	3/1/23-12/31/23	4,000
Weehawken 2022/2023	01/01/23-11/30/23	1,100
Weehawken 2023/2024	12/1/2023-12/31/23	100
West New York 2022/2023	1/1/23-1/31/23	100
West New York 2023/2024	2/2/23-12/31/23	1,100
RESERVE	1/1/23-12/31/23	92,124
DEFERRED REVENUE R&C	1/1/23-12/31/23	367,439
MISC. REVENUE	1/1/23-12/31/23	165,149
HRHC EQEF	1/1/23-12/31/23	57,715
HRHC LOCAL ENFORCEMENT PENALTY	1/1/23-12/31/23	-
HCIA EQEF RESEVE	1/1/23-12/31/23	-
MRC RESERVE	1/1/23-12/31/23	-
CRI-RESERVE	1/1/23-12/31/23	-
STATE LEAD GRANT 2022/2023	1/1/23-6/30/23	212,891
STATE LEAD GRANT 2023/2024	07/01/23-12/31/23	-
NJJACCHO 2022/2023	1/1/23-6/30/23	499,243
NJJACCHO 2023/2024	07/01/23-12/31/23	250,000
COUNTY COVID19	1/1/23-12/31/23	1,244,509

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 11 – Contracts for Service and Grant Agreement Contracts (Cont.)

CDC-BASE 2022/2023	1/1/23-6/30/23	106,645
CDC-CRI 2022/2023	1/1/23-6/30/23	61,408
CDC-MRC 2022/2023	1/1/23-6/30/23	4,600
CDC-COVID19 2022/2023	1/1/23-6/30/23	182,674
CDC-CVG 2022/2023	1/1/23-6/30/23	49,984
CDC-BASE 2023/2024	07/01/23-12/31/23	108,101
CDC-CRI 2023/2024	07/01/23-12/31/23	64,817
CDC-MRC 2023/2024	07/01/23-12/31/23	2,300
CDC-COVID19 2023/2024	07/01/23-12/31/23	64,072
COVID19 VACCINATION GRANT 2022/2023	1/1/23-6/30/23	285,979
COVID19 VACCINATION GRANT 2023/2024	07/01/23-12/31/23	45,000
RADON TEST KIT	1/1/23-12/31/23	2,000
RUTGERS' SALT MARSH MOSQ. RESERVE	1/1/23-12/31/23	218
CHIF GRANT 2023/2024	07/01/23-12/31/23	776,966
SLF 2023	1/1/23-12/31/23	15,000
TOTAL		\$ 7,323,994

Note 12 – Equipment Loan- State of NJ Dept. of Health & Senior Svcs.

On June 24, 2004, the Commission entered into an Equipment Loan agreement with the State of NJ Dept. Health & Senior Services. The State of NJ loaned twelve Dell X300 laptop computers to be used in Bioterrorism and related response clinic activities. Under this agreement, there are no payments due to the State. At the expiration of this agreement the Commission has agreed to return the property to the State. An annual inventory of the use of equipment is to be provided to the State in an annual report.

Note 13 – Postemployment Benefits Other Than Pensions

Pensions General Information about the OPEB Plan - The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple- employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

HUDSON REGIONAL HEALTH COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022

Note 13 – Postemployment Benefits Other Than Pensions (Cont.)

Basis of Presentation – The schedule of employer and non-employer allocations and the schedule of OPEB amounts by employer and non-employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a non-employer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Allocation Methodology – GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit) expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2022 were \$3,361,552,823 and \$12,729,372,321, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2021 through June 30, 2022. Employer and non-employer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and non-employer may result in immaterial differences.

Net OPEB Liability – The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Discount Rate:	3.54%	
Salary Increases*:		
Public Employees' Retirement System (PERS) Rate for all Future Years	2.75% to 6.55%	Based on years of service
Police and Firemen's Retirement System (PFRS) Rate for all future years	3.25% to 16.25%	Based on years of service

Mortality:		
PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021	
PFRS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021	

* - Salary Increases are based on the defined benefit plan that the member is enrolled in and his or her age.

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 13 – Postemployment Benefits Other Than Pensions (Cont.)

OPEB Obligation and OPEB (benefit) Expense – The State's proportionate share of the total Other Post-Employment Benefits Obligations, attributable to the Commission's as of June 30, 2022 was \$5,471,664. The Commission's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2022, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The State's proportionate share of the OPEB Obligation associated with the Commission was based on projection of the State's long-term contributions to the OPEB plan associated with the Commission relative to the projected contributions by the State associated with all participating Municipalities, actuarially determined. At June 30, 2022, the State proportionate share of the OPEB Obligation attributable to the Commission was 0.033881%, which was an increase of 0.006051% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2022, the State of New Jersey recognized an OPEB (benefit) expense in the amount of \$28,304 for the State's proportionate share of the OPEB (benefit) expense attributable to the Commission. This OPEB (benefit) expense was based on the OPEB plans June 30, 2022 measurement date.

Actuarial assumptions used in the July 1, 2021 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021

100% of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions — For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 4.5% long-term trend rate after seven years.

Discount Rate – The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 13 – Postemployment Benefits Other Than Pensions (Cont.)

Sensitivity of Net OPEB Liability to Changes in the Discount Rate:

The following presents the collective net OPEB liability of the participating employers as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	At 1% Decrease <u>(2.54%)</u>	At Discount Rate <u>(3.54%)</u>	At 1% Increase <u>(4.54%)</u>
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the Commission	\$6,342,737	\$5,471,644	\$4,770,769
State of New Jersey's Total Non-employer OPEB Liability	\$18,720,632,230	\$16,149,595,478	\$14,080,955,857

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate:

The following presents the net OPEB liability as of June 30, 2022, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Healthcare Cost	At 1% Decrease	At Trend Rate	At 1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the Commission	\$4,641,761	\$5,471,644	\$6,534,492
State of New Jersey's Total Non-employer OPEB Liability	\$13,700,188,049	\$16,149,595,748	\$19,286,596,671

Additional Information – The following is a summary of the collective balances of the local group at June 30, 2022:

Collective Balances at December 31, 2022 and December 31, 2021

	<u>December 31, 2022</u> <u>June 30, 2022</u>	<u>December 31, 2021</u> <u>June 30, 2021</u>
Actuarial Valuation Date (including roll forward)		
Collective Deferred Outflows of Resources	\$2,993,464,316	\$3,168,345,589
Collective Deferred Inflows of Resources	8,504,994,107	7,333,043,620
Collective Net OPEB Liability	16,149,595,478	17,946,612,946
Commission's Portion	0.033881%	0.027831%

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 13 – Postemployment Benefits Other Than Pensions (Cont.)

The collective amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	
2023	\$ (1,463,380,541)
2024	(1,464,672,406)
2025	(1,156,630,075)
2026	(516,557,746)
2027	(115,810,526)
Thereafter	<u>(794,478,497)</u>
	<u>\$ (5,511,529,791)</u>

Changes in Proportion – The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 7.82, 7.82, 7.87, 8.05, 8.14 and 8.04 for the years for the 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

Plan Membership

At June 30, 2022, the Program membership consisted of the following:

	<u>June 30, 2022</u>
Active Plan Members	65,360
Retirees Currently Receiving Benefits	<u>33,684</u>
Total Plan Members	<u>99,044</u>

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 13 – Postemployment Benefits Other Than Pensions (Cont.)

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2021 (measurement date June 30, 2021) is as follows:

Service Cost	\$ 796,654,829
Interest on the Total OPEB Liability	401,372,615
Change of Benefit Terms	402,474,416
Differences Between Expected and Actual Experience	572,046,963
Changes of Assumptions	(3,599,550,175)
Contributions From the Employer	(389,490,003)
Contributions From Non-Employer Contributing Entity	45,792,081
Net Investment Income	(235,962)
Administrative Expense	<u>12,334,441</u>
 Net Change in Total OPEB Liability	 (1,850,185,757)
Total OPEB Liability (Beginning)	<u>17,999,781,235</u>
Total OPEB Liability (Ending)	<u>\$ 16,149,595,478</u>

*Note that the information presented above is in accordance with Local Finance Notice 2021-10, which differs from the requirements of *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Note 14 – Other

As of December 31, 2022 the Commission had uninsured cash balances totaling \$5,063,619 in the New Jersey Cash Management Fund. Other operating cash accounts deposited in banks may also go over the FDIC insured limit of \$250,000 when reimbursement checks are received from the State of New Jersey.

Note 15 – Contract with County of Hudson

On November 26, 2019 Hudson Regional Health Commission entered into a seven year contract with the County of Hudson to provide New Jersey Environmental Health Act Services.

HUDSON REGIONAL HEALTH COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022

Note 15 – Contract with County of Hudson (Cont.)

Hudson Regional will conduct the following programs during the period of January 1, 2020 – December 31, 2026.

1. Mosquito Control Program
2. 2Public Health Emergency Preparedness Program
3. Childhood Lead Exposure Prevention Program
4. CEHA – County Environmental Health Act Programs (Air Pollution, Noise Pollution, Hazardous Materials Emergency Response Operations, Water Pollution, Right to Know, Solid Waste Control, Pesticides)

The compensation under the contract is as follows:

2020	\$1,692,710
2021	1,726,565
2022	1,761,096
2023	1,796,318
2024	1,832,244
2025	1,868,889
2026	<u>1,906,267</u>
Total	<u>\$12,584,089</u>

The Shared Service Agreement shall commence on January 1, 2020 and continues through December 31, 2026. An annual increase of 2% is reflected in the total.

Note 16 – Service Agreement Essex Regional Health Commission

On April 1, 2014, the Commission entered into an agreement with Essex Regional Health Commission (Essex) to provide the services of a Licensed Health Officer who will administer all the activities of Essex. The terms of this agreement shall be automatically extended for a successive one (1) year period unless negotiated or terminated by either party. Essex agrees to pay the provider \$16,117 per calendar quarter.

On December 13, 2016 the Commission entered into an agreement with Essex Regional Health Commission (Essex) to provide the services of a Chief Financial Officer & Qualified Purchasing Agent who will administer Essex's financial and purchasing activities. The fee for these services is \$8,750 per calendar quarter. The term of this agreement shall be automatically extended for successive (1) year periods.

Note 17 – FY2019 CEHA Performance Audit

On May 13, 2022 a performance audit of the County Environmental Act (CEHA) activities of the Hudson Regional Health Commission for the fiscal year 2020 contract was conducted by the Bureau of Local Environmental Management & Right to Know Program. The FY2020 contract was successfully closed out with all of your contractual obligations meet.

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 18 – Memorandum of Understanding Between the County of Hudson & the Hudson Regional Health Commission

The Hudson Regional Commission entered into an agreement with the County of Hudson for consulting services related to COVID-19 testing services; COVID-19 vaccination services, and other services relative to the County's efforts to combat the effects of COVID-19 for the period of January 1, 2022 to December 31, 2022.

The Cost for these services shall not exceed \$1,625,000, to be billed at the normal rates of the Commission. Funds shall be disbursed pursuant to the Cares Act.

An Indemnification Agreement was made on February 24, 2022 between the County of Hudson and the Commission.

Note 19 – Service Agreement Essex Regional Health Commission

On July 1, 2021, the Commission entered into an agreement with Essex Regional Health Commission (Essex) to provide IT services. The term of the agreement is from July 1, 2021 to June 30, 2022, unless terminated by either party. Essex shall pay the Commission \$120.00 per hour for a maximum not to exceed \$12,000.00.

**REQUIRED
SUPPLEMENTARY INFORMATION**

**HUDSON REGIONAL HEALTH COMMISSION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
DECEMBER 31, 2022**

Category	Budgeted Amounts		Actual Amounts
	Original	Final	Budgetary Basis (See Note A)
Personnel			
Salaries	\$ 1,767,833	\$ 1,553,264	\$ 1,545,309
Overtime	27,500	27,500	12,595
Overtime Idling	6,125	11,754	11,754
On Call	14,000	14,000	11,880
Temporary	21,000	26,492	26,491
Payroll Taxes	146,680	125,299	124,625
Health Benefits	237,646	258,146	258,141
Dental Benefits	17,910	17,910	17,490
Retiree Benefit	99,722	109,088	107,431
Workers Comp	33,691	29,843	13,456
P.E.R.S.	285,831	285,831	216,896
Accrued Absences	-	207,097	207,097
Total	\$ 2,657,738	\$ 2,666,224	\$ 2,553,164
Grant Programs (*Inclusive of P/R)			
CDC-BASE 2021/2022	\$ 118,509	\$ 120,001	\$ 120,002
CDC-CRI 2021/2022	51,000	51,000	51,000
CDC-MRC 2021/2022	2,300	4,438	4,437
CDC-COVID 2021/2022	162,500	163,078	163,079
CDC-CVG 2021/2022	60,000	62,240	62,240
COVID19- Vacc Grant 2021/2022	275,000	262,824	262,824
COVID19- Vacc Grant 2022/2023	-	255,211	255,211
State Lead Grant 2021/2022	184,930	189,388	189,388
County COVID19 2022	-	380,491	380,491
CDC-Base 2022/2023	-	109,557	109,557
CDC-CRI 2022/2023	-	61,408	61,408
CDC-MRC 2022/2023	-	-	-
CDC-COVID 2022/2023	-	142,326	142,326
CDC-CVG 2022/2023	-	50,016	50,016
State Lead Grant 2022/2023	-	182,123	182,123
NJACCHO/ Monkey Pox	-	757	757
Monkey Pox	-	4,839	4,839
NJIT Mosquito Grant	-	8,800	8,800
Mosquito Chemical Control Grant	-	27,362	27,362
Total	\$ 844,239	\$ 2,065,859	\$ 2,065,861
Office			
Office Supplies	\$ 25,000	\$ 25,000	\$ 20,397
Postage	8,000	8,000	4,328
Copier Lease	3,500	3,500	2,856
Pub/Sub	2,800	2,800	2,007
Legal Advertisement	2,500	2,500	1,735
Cooler Rental	200	200	-
Office/Computer Equipment	45,000	40,000	4,626
Computer Software	-	5,000	353
Total	\$ 87,000	\$ 87,000	\$ 36,301
Travel			
Conventions/ Meetings	\$ 3,500	\$ 3,700	\$ 3,691
Auto Maintenance	12,500	13,384	13,383
Gasoline	15,000	25,000	24,567
Mileage Reimbursement	800	800	328
Total	\$ 31,800	\$ 42,884	\$ 41,959
Contractual			
Insurance/ Risk Mgmt Consultant	\$ 36,000	\$ 39,500	\$ 38,564
Auditor	24,782	24,782	21,938
Legal	20,000	20,000	16,251
Payroll Service	3,200	3,200	2,866
Weather/Emergency Operations	1,500	1,500	1,500
IT Consultant	-	31,388	34,908
Total	\$ 85,482	\$ 120,370	\$ 116,026
Equipment			
General Supplies	\$ 15,000	\$ 16,222	\$ 16,222
Equipment	15,000	15,000	13,495
Equipment Maintenance	8,500	17,155	17,155
Vehicle	66,000	66,000	33,144
Total	\$ 104,500	\$ 114,377	\$ 80,016
Other			
Training	\$ 9,000	\$ 17,279	\$ 13,712
Communication	18,000	18,000	13,952
Medical Surveillance	4,000	4,000	-
Laboratory	3,000	3,000	-
Commission Meeting	1,000	1,407	1,406
Bank Fees	700	700	238
Miscellaneous	1,000	2,500	1,951
Membership/ License	2,000	2,500	2,150
Res. for Emergency Oper.	40,000	40,000	-
Moving Expenses	7,000	7,000	-
Record Destruction	1,500	1,500	128
Record Scanning	10,000	21,600	12,614
Total	\$ 97,200	\$ 119,486	\$ 46,153
Total Expenditures	\$ 3,907,959	\$ 5,216,200	\$ 4,939,481

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
DECEMBER 31, 2022**

	Budgeted Amounts		Actual Amounts
	Original	Final	Budgetary Basis (See Note A)
Estimated Revenue			
Municipal	\$ 219,860	\$ 219,860	\$ 219,860
USEPA	96,292	96,292	96,292
CEHA/NJDEP/Pesticide	196,070	196,070	196,070
CEHA/NJDEP/Idling	6,125	11,593	11,593
RTK	17,575	17,575	17,575
HCIA	173,886	173,886	173,886
County	1,761,096	1,761,096	1,761,096
ERHC	99,468	99,468	99,468
EBL: Bayonne	4,200	4,800	4,800
East Newark	-	-	-
Guttenberg	1,200	1,200	1,200
Harrison	1,200	-	-
Hoboken	600	-	-
Kearny	3,000	2,400	2,400
North Bergen	600	3,000	3,000
Secaucus	2,400	1,200	1,200
Union City	4,800	3,000	3,000
Weehawkin	1,200	1,800	1,800
West New York	1,200	3,000	3,000
Reserve	175,408	142,478	-
Defferred Revenue R&C	284,540	337,963	337,963
Miscellaneous Revenue	13,000	73,158	73,158
HRHC-EQEF	-	15,000	15,000
HRHC Local Enforcement Penalty	-	-	-
HCIA EQEF Reserve	-	-	-
MRC Reserve	-	-	-
CDC-CRI Reserve	-	-	-
MRC NACCHO	-	-	-
CDC-BASE 2021/2022	118,509	120,001	120,001
CDC-CRI 2021/2022	51,000	51,000	51,000
CDC-MRC 2021/2022	2,300	4,438	4,438
CDC-COVID 2021/2022	162,500	163,078	163,078
CDC-CVG 2021/2022	50,000	52,240	52,240
COVID19 Vaccine Grant 2021/2022	275,000	262,824	262,824
COVID19 Vaccine Grant 2022/2023	-	255,211	255,211
State Lead Grant 2021/2022	184,930	189,388	189,388
County COVID19	-	380,491	380,491
CDC-Base 2022/2023	-	109,557	109,557
CDC-CRI 2022/2023	-	61,408	61,408
CDC-MRC 2022/2023	-	-	-
CDC-COVID 2022/2023	-	142,326	142,326
CDC-CVG 2022/2023	-	50,016	50,016
State Lead Grant 2022/2023	-	182,123	182,123
NJACCHO/Monkey Pox	-	757	757
NJIT Mosquito Grant	-	8,800	8,800
Mosquito Chemical Control Grant	-	-	17,703
TOTAL	<u>\$ 3,907,959</u>	<u>\$ 5,198,497</u>	<u>\$ 5,073,722</u>
Excess Revenues/ Expenditures			<u>\$ 134,241</u>

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION - GENERAL FUND
YEAR ENDED DECEMBER 31, 2022**

Note A - Explanation of Differences between Budgetary inflows and outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>
<u>Sources/Inflows of resources</u>	
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 5,073,722
 Difference - budget to GAAP:	
Revenues considered a current year revenue for financial reporting purposes	\$ 14,498
Reserve	7,337
Deferred Revenue RNC	<u>7,337</u>
 Total Revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds/ Statement of Activities	
	<u>\$ 5,095,557</u>
 <u>Uses/Outflows of Resources</u>	
Actual Amounts (budgetary Basis) "total charges to appropriations" from Budgetary Comparison Schedule	\$ 4,939,481
 Differences - Budget to GAAP:	
Government funds report Capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which Depreciation exceeded Capital Outlays in the current period	\$ 143,547
Rounding	<u>(2)</u> <u>143,545</u>
 Total Expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds/Statement of Activities	
	<u>\$ 5,083,026</u>

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
STATE OF NJ - PERS - LOCAL EMPLOYER GROUP
SCHEDULE OF CONTRIBUTIONS
LAST SIX YEARS***

	2022	2021	2020	2019	2018	#
Commission's Contractually Required Contribution	\$ 380,690	\$ 304,860	\$ 301,799	\$ 260,536	\$ 269,286	
Commission's in Relation to the Contractually Required Contribution	380,690	304,860	301,799	260,536	269,286	
Commission's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	
Commission's Covered Payroll	2,224,856	1,907,696	1,938,161	1,903,386	1,897,989	
Contributions as a Percentage of Covered Payroll	17.11%	15.98%	15.57%	13.69%	14.19%	#

*this schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

Actuarial Cost Method Entry age - Level % of Salary
 Asset Valuation Method Market value of assets
 Investment Rate of Return 7.00%, compounded annually
 Retirement Age 60
 Mortality PUB-2010 "General" and "Safety classification headcount-weighted mortality table with fully generation mortality improvement projections from the central year using Scale MP-2020

Notes to Schedule:

Valuation Date July 1, 2020
 Timing Actuarial determined contributions are calculated as of the July 1 preceding the fiscal year in which contributions are made
 Actuarial Cost Method Projected Unit Credit
 Amortization Method Level Dollar
 Remaining Amortization Period 29 years
 Asset Valuation Method 5-year smoothing of difference between market value and expected actuarial value
 Investment Rate of Return 7.30%
 Salary Increases Service-based rates scaling from 6.00% at enrollment to 2.00% at 29 or more years of services through period ending June 30, 2026
 Service-based rates scaling from 7.00% at enrollment to 3.00% at 29 or more years of services through period after June 30, 2026

HUDSON REGIONAL HEALTH COMMISSION
STATE OF NJ - PERS - LOCAL EMPLOYERS GROUP
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST SIX FISCAL YEARS*

	2022	2021	2020	2019	2018	2017
Commission's Percentage of Collective Net Pension Liability	0.030188%	0.026032%	0.027588%	0.026785%	0.027027%	0.025813%
Commission's Portion of Net Pension Liability	<u>\$ 4,555,842</u>	<u>\$ 3,083,830</u>	<u>\$ 4,498,884</u>	<u>\$ 4,826,192</u>	<u>\$ 5,330,482</u>	<u>\$ 6,008,731</u>
Commission's Covered Payroll	<u>\$ 2,224,856</u>	<u>\$ 1,907,696</u>	<u>\$ 1,938,161</u>	<u>\$ 1,903,386</u>	<u>\$ 1,897,989</u>	<u>\$ 1,788,102</u>
Commission's Portion of Net Pension Liability as a % of Covered Payroll	204.77%	161.65%	232.12%	253.56%	280.85%	336.04%
Plan Fiduciary Net Position as a % of Total Pension Liability	46.41%	51.52%	58.32%	56.27%	53.60%	48.10%

*this schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

**HUDSON REGIONAL HEALTH COMMISSION
PROPORTIONATE SHARE OF NET OPEB LIABILITY
LAST FOUR FISCAL YEARS***

<u>Schedule of Proportionate Share of Net OPEB Liability</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Commission's Percentage of the Net OPEB Liability	0.00%	0.00%	0.00%	0.00%
Commission's Proportionate Share of the Net OPEB Liability	\$ -	\$ -	\$ -	\$ -
State of NJ's Proportionate Share of the Net OPEB Liability Associated with the Commission	<u>5,471,644</u>	<u>4,994,722</u>	<u>3,633,869</u>	<u>4,235,784</u>
Total	<u>\$ 5,471,644</u>	<u>\$ 4,994,722</u>	<u>\$ 3,633,869</u>	<u>\$ 4,235,784</u>
Commission's Covered Employee Payroll	<u>\$ 1,776,755</u>	<u>\$ 1,389,275</u>	<u>\$ 1,307,229</u>	<u>\$ 1,298,227</u>
Commission's Proportionate Share of the Net OPEB Liability as a Percentage of it's Covered	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>-0.36%</u>	<u>0.28%</u>	<u>0.90%</u>	<u>2.00%</u>

*this schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

Notes to Schedule:

Valuation Date June 30, 2020

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method Entry age - Level % of Salary
 Asset Valuation Method Market value of assets
 Investment Rate of Return 3.54%
 Retirement Age 60
 Mortality PUB-2010 "General" and "Safety classification headcount-weighted mortality table with fully generation mortality improvement projections from the central year using Scale MP-2021

SUPPLEMENTARY INFORMATION

**HUDSON REGIONAL HEALTH COMMISSION
SCHEDULE OF GRANTS CONTRACTS RECEIVABLE
DECEMBER 31, 2022**

NJ Dept. of Environmental Protection (CEHA)	\$ 104,710
NJ Dept. of Environmental Protection (USEPA)	48,146
Hudson County -COVID19	173,543
Hudson County Improvement Authority	1,113
NJ Dept. of Health (County Right to Know)	13,181
NJ Dept. of Health Lead Contracts	294,970
NJ Dept. of Health CDC	768,618
NJIT Mosquito Control	8,800
NJACCHO	500,000
COVID 19 Vaccination	582,886
Mosquito SLF	<u>17,702</u>
Total	<u><u>\$ 2,513,669</u></u>

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
SCHEDULE OF ACCOUNTS RECEIVABLE MUNICIPALITIES
DECEMBER 31, 2022**

Bayonne	\$ 7,085
East Newark	165
Harrison	3,064
Hoboken	8,355
Jersey City	43,972
Kearney	4,118
North Bergen	5,216
Secaucus	1,974
Union City	10,994
Weehawken	2,639
West New York	<u>5,048</u>
Total	<u>\$ 92,630</u>

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
SCHEDULE OF FEDERAL STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2022**

	CFDA Number	Award	Federal Expenditures		State Expenditures	
			2021	2022	2021	2022
U.S. Environmental Agency						
7/1/21-6/30/22	66.605	\$ 96,292	\$ 48,146	\$ 48,146	\$ -	\$ -
7/1/22-6/30/23	66.605	\$ 96,292	\$ 48,146	\$ 48,146	\$ -	\$ -
		<u>\$ 192,584</u>	<u>\$ 96,292</u>	<u>\$ 96,292</u>	<u>\$ -</u>	<u>\$ -</u>
NJ Dept. Environmental Protection						
CHEA 7/1/20-6/30/21		\$ 209,070	\$ -	\$ -	\$ 106,828	\$ -
CHEA 7/1/21-6/30/22		\$ 208,320	\$ -	\$ -	\$ 105,367	\$ 102,953
		<u>\$ 417,390</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 212,195</u>	<u>\$ 102,953</u>
NJ Dept. of Health Childhood Lead Grant						
7/1/21-6/30/22		\$ 369,861	\$ -	\$ -	\$ 180,473	\$ 189,388
7/1/21-6/30/22		\$ 386,203	\$ -	\$ -	\$ 256,300	\$ 182,122
		<u>\$ 756,064</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 436,773</u>	<u>\$ 371,510</u>
Right To Know RTKONA						
7/1/21-6/30/22		\$ 17,575	\$ -	\$ -	\$ 8,787	\$ 8,788
7/1/22-6/30/23		\$ 17,575	\$ -	\$ -	\$ 8,787	\$ 8,788
		<u>\$ 35,150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,574</u>	<u>\$ 17,576</u>
Federal Assistance NJ Dept. of Health: PHLP23LNC						
7/1/22-6/30/23	93.323	\$ 768,618	\$ 377,861	\$ 390,757	\$ -	\$ -
7/1/22-6/30/23	93.323	\$ 768,618	\$ -	\$ 363,307	\$ -	\$ -
Total		<u>\$ 1,537,236</u>	<u>\$ 377,861</u>	<u>\$ 754,064</u>	<u>\$ -</u>	<u>\$ -</u>
NJ Dept. of Health COVID-19 Vaccination Supplemental Funding 2022						
7/1/21-6/30/22	93.268	\$ 550,000	\$ 254,290	\$ 262,824	\$ -	\$ -
7/1/22-6/30/23	93.268	\$ 550,000	\$ -	\$ 509,502	\$ -	\$ -
		<u>\$ 1,100,000</u>	<u>\$ 254,290</u>	<u>\$ 772,326</u>	<u>\$ -</u>	<u>\$ -</u>
County of Hudson COVID19 Virus & Pandemic 1/1/22-12/31/22						
	21.019	\$ 1,625,000	\$ 1,145,591	\$ 380,491	\$ -	\$ -
NJACCHO 10/1/22-6/30/23						
		\$ 500,000	\$ -	\$ 757	\$ -	\$ -
Other						
Mosquito SLF	10.025	\$ 15,000	\$ -	\$ 27,362	\$ -	\$ -
NJIT 2/1/22-1/31/23	93.885	\$ 8,800	\$ -	\$ 8,800	\$ -	\$ -
		<u>\$ 23,800</u>	<u>\$ -</u>	<u>\$ 36,162</u>	<u>\$ -</u>	<u>\$ -</u>
Total Federal, State, & Other Awards		<u>\$ 6,187,224</u>	<u>\$ 1,874,034</u>	<u>\$ 2,040,092</u>	<u>\$ 666,542</u>	<u>\$ 492,039</u>

See accompanying notes to financial statements.

Hudson Regional Health Commission
Schedule of Expenditures of Federal Awards
And State and Local Financial Assistance
For the Year Ended December 31, 2022

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Hudson Regional Health Commission ("The Commission") under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of The Commission, it is not intended to and does not present the financial position, changes in net assets, or cash flows of The Commission.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The Commission has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

HUDSON REGIONAL HEALTH COMMISSION
AIR POLLUTION CONTROL PROGRAM SUPPORT
CLEAN AIR ACCT. SEC 105
YEAR ENDED DECEMBER 31, 2022

	<u>Budget</u>	<u>Expenditures 2021</u>	<u>Expenditures 2022</u>	<u>Totals Expenditures</u>	<u>Questioned Costs</u>
Project Period 7/1/20 - 6/30/21	\$ 96,292	\$ 48,146	\$ 48,146	\$ 96,292	\$ -
Project Period 7/1/21 - 6/30/22	<u>\$ 96,292</u>	<u>\$ -</u>	<u>\$ 48,146</u>	<u>\$ 48,146</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
SUB-CONTRACTOR NEW JERSEY INSTITUTE OF TECHNOLOGY
DECEMBER 31, 2022**

	<u>Budget</u>	<u>Expenditures 2022</u>	<u>Totals Expenditures</u>	<u>Questioned Costs</u>
<u>Sub-Contract Period</u>				
2/1/21-1/31/22				
CFDA 93.885	\$ 8,800	\$ 8,800	\$ 8,800	\$ -

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
NJ DEPARTMENT OF HEALTH SENIOR SERVICES
PHILEP (LINCS AGENCIES)
GRANT #PHLP 22LNC020
DECEMBER 31, 2022

	<u>Budget</u>	<u>Expended 12/31/2021</u>	<u>Expended 12/31/2022</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
<u>Term 7/1/21 - 6/30/22</u>					
<u>Budget Categories</u>					
<u>Personnel Costs</u>					
Salaries & Wages	\$ 561,146	\$ 276,509	\$ 285,360	\$ 561,869	\$ -
Fringe Benefits	178,779	88,506	89,719	178,225	-
<u>Other Cost Categories</u>					
Program Expense & Related Costs	15,859	6,327	9,976	16,303	-
Travel, Conferences & Meetings	5,148	2,676	1,859	4,535	-
Supplies	-	-	-	-	-
Professional Service	<u>7,686</u>	<u>3,843</u>	<u>3,843</u>	<u>7,686</u>	<u>-</u>
Total	<u><u>\$ 768,618</u></u>	<u><u>\$ 377,861</u></u>	<u><u>\$ 390,757</u></u>	<u><u>\$ 768,618</u></u>	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
NJ DEPARTMENT OF HEALTH SENIOR SERVICES
PHILEP (LINCS AGENCIES)
GRANT # PHLP23LNC016
DECEMBER 31, 2022

	<u>Budget</u>	<u>Expended 12/31/2022</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
<u>Term 7/1/22 - 6/30/23</u>				
<u>Budget Categories</u>				
<u>Personnel Costs</u>				
Salaries & Wages	\$ 557,494	\$ 265,448	\$ 265,448	\$ -
Fringe Benefits	168,784	82,665	82,665	-
Consultant/ Professional Services	20,186	6,777	6,777	-
<u>Other Cost Categories</u>				
Program Expense & Related Costs	16,764	6,650	6,650	-
Travel	5,390	1,767	1,767	-
 Total	 <u>\$ 768,618</u>	 <u>\$ 363,307</u>	 <u>\$ 363,307</u>	 <u>\$ -</u>

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
STATE OF NJ DEPARTMENT OF ENVIRONMENTAL PROTECTION
(CEHA) GO #EN22-005
DECEMBER 31, 2022**

<u>Term 7/1/20- 6/30/21</u>	<u>Final Approved Budget</u>	<u>Expended 12/31/2021</u>	<u>Expended 12/31/2022</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
<u>Cost Category</u>					
Personnel Costs	\$ 180,000	\$ 90,000	\$ 90,000	\$ 180,000	\$ -
<u>Other Costs</u>					
NJEMS	7,600	3,800	3,800	7,600	-
MVC Idling	12,250	7,332	4,918	12,250	-
Pesticides	8,470	4,235	4,235	8,470	-
Total	<u>\$ 208,320</u>	<u>\$ 105,367</u>	<u>\$ 102,953</u>	<u>\$ 208,320</u>	<u>\$ -</u>

**HUDSON REGIONAL HEALTH COMMISSION
STATE OF N.J. DEPARTMENT OF ENVIRONMENTAL PROTECTION
(CEHA) GO# EN23-005
DECEMBER 31, 2022**

<u>Term 7/1/22- 6/30/23</u>	<u>Final Approved Budget</u>	<u>Expended 12/31/2022</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
<u>Cost Category</u>				
Personnel Costs	\$ 180,000	\$ 90,000	\$ 90,000	\$ -
<u>Other Costs</u>				
NJEMS	7,600	3,800	3,800	-
MVC Idling	13,000	6,675	6,675	-
Pesticides	8,470	4,235	4,235	-
Total	<u>\$ 209,070</u>	<u>\$ 104,710</u>	<u>\$ 104,710</u>	<u>\$ -</u>

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
NJ DEPARTMENT OF HEALTH AND SENIOR SERVICES
DIVISION OF EPIDEMIOLOGY, ENVIRONMENTAL OCCUPATIONAL HEALTH
COUNTY RIGHT TO KNOW
GRANT 2021 RTKLOA
DECEMBER 31, 2022

	<u>Final Budget</u>	<u>Expended 12/31/2021</u>	<u>Expended 12/31/2022</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
July 1, 2021 - June 30, 2022	<u>\$ 17,575</u>	<u>\$ 8,787</u>	<u>\$ 8,788</u>	<u>\$ 17,575</u>	<u>\$ -</u>
July 1, 2022 - June 30, 2023	<u>\$ 17,575</u>	<u>\$ -</u>	<u>\$ 8,787</u>	<u>\$ 8,787</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
THE COUNTY OF HUDSON COVID-19 SERVICES AGREEMENT
DECEMBER 31, 2022**

<u>Term</u>	<u>Budget</u>	<u>Expended 2021</u>	<u>Expended 2022</u>	<u>Total</u>	<u>Questioned Costs</u>
March 1, 2021 to December 31, 2022	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Expenditures</u>					
Salaries	\$ 230,972	\$ 23,745	\$ -	\$ 23,745	\$ -
Part time	130,338	132,704	41,766	174,470	-
Overtime	374,097	333,435	62,840	396,275	-
Fringe Benefits	89,334	45,003	10,345	55,348	-
Office Expense	1,000		-		-
Program Expense	347,124	320,120	259,386	579,506	-
Travel/ Conf/ Meeting	8,061	6,923	2,862	9,785	-
Office Expense	5,605	160	-	160	-
Per Diems	408,469	245,925	-	245,925	-
Equipment	30,000	37,576	3,292	40,868	-
Total	\$ 1,625,000	\$ 1,145,591	\$ 380,491	\$ 1,526,082	\$ -

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH
NEW JERSEY DEPARTMENT OF HEALTH
CHILDHOOD LEAD 2021
GRANT #OLPH22CLP011
DECEMBER 31, 2022

<u>Term 7/1/21-6/30/22</u>	<u>Budget</u>	<u>Expended 2021</u>	<u>Expended 2022</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
Salaries & Wages	\$ 251,341	\$ 125,907	\$ 125,887	\$ 251,794	\$ -
Fringe Benefits	95,692	47,121	48,118	95,239	-
Equipment	7,295	-	7,525	7,525	-
Consultants/Professional	2,803	1,402	1,401	2,803	-
Travel	2,753	1,691	1,833	3,524	-
Training	189	230	1,135	1,365	-
Program Expense	9,788	4,122	3,489	7,611	-
	<u>\$ 369,861</u>	<u>\$ 180,473</u>	<u>\$ 189,388</u>	<u>\$ 369,861</u>	<u>\$ -</u>

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
NEW JERSEY DEPARTMENT OF HEALTH
CHILDHOOD LEAD 2022
GRANT #DFHS19CHD020
DECEMBER 31, 2022

<u>Term 7/1/22 - 6/30/23</u>	<u>Budget</u>	<u>Expended 2022</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
Salaries & Wages	\$ 252,893	\$ 125,508	\$ 125,508	\$ -
Fringe Benefits	93,137	47,555	47,555	-
Consultants/Professional	3,621	1,810	1,810	-
Equipment	24,500	-	-	-
Travel	2,780	1,578	1,578	-
Training	1,155	1,155	1,155	-
Other	8,117	4,516	4,516	-
	<u>\$ 386,203</u>	<u>\$ 182,122</u>	<u>\$ 182,122</u>	<u>\$ -</u>

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
NEW JERSEY ASSOCIATION OF COUNTY AND CITY OFFICIALS (NJACCHO)
Enhancing Local Public Health Infrastructure Grant 2022
AGREEMENT 10/1/2022-06/30/23
December 31, 2022

	<u>Budget</u>	<u>2022</u>	<u>Expenditures</u>	<u>Questioned Costs</u>
<u>Term 10/1/22 - 6/30/23</u>				
Salaries & Wages	\$ 40,332	\$ 662	\$ 662	\$ -
Fringe Benefits	16,011	63	63	-
Equipment	142,719	-	-	-
Facility Costs	14,051	-	-	-
Professional Service Agreements	17,253	-	-	-
Supplies	10,000	-	-	-
Training	13,280	-	-	-
Other	28,651	-	-	-
Indirect Cost	217,703	32	32	-
	<u>\$ 500,000</u>	<u>\$ 757</u>	<u>\$ 757</u>	<u>\$ -</u>

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
 NJ DEPARTMENT OF HEALTH SENIOR SERVICES
 COVID-19 VACCINATION SUPPLEMENTAL FUNDING 2022
 GRANT #OLPH22VSF018
 DECEMBER 31, 2022

	<u>Budget</u>	<u>Expended 2021</u>	<u>Expended 2022</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
<u>Term 7/1/21-6/30/23</u>					
<u>Categories</u>					
Salaries & Wages	\$ 172,896	\$ 82,539	\$ 90,357	\$ 172,896	\$ -
Fringe Benefits	55,747	25,681	31,327	57,008	-
Total	<u>\$ 228,643</u>	<u>\$ 108,220</u>	<u>\$ 121,684</u>	<u>\$ 229,904</u>	<u>\$ -</u>
<u>Other</u>					
Professional Service	\$ 2,093	\$ 683	\$ 1,410	\$ 2,093	\$ -
Supplies	506	-	-	-	-
Travel	2,204	1,512	1,121	2,633	-
Other	316,554	143,875	138,609	282,484	-
Total	<u>\$ 321,357</u>	<u>\$ 146,070</u>	<u>\$ 141,140</u>	<u>\$ 287,210</u>	<u>\$ -</u>
Total Costs	<u>\$ 550,000</u>	<u>\$ 254,290</u>	<u>\$ 262,824</u>	<u>\$ 517,114</u>	<u>\$ -</u>
	<u>Budget</u>	<u>Expended 2022</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>	
<u>Term 7/1/22-6/30/23</u>					
<u>Categories</u>					
Salaries & Wages	\$ 196,934	\$ 94,195	\$ 94,195	\$ -	
Fringe Benefits	67,384	34,061	\$ 34,061	-	
Total	<u>\$ 264,318</u>	<u>\$ 128,256</u>	<u>\$ 128,256</u>	<u>\$ -</u>	
<u>Other</u>					
Professional Service	\$ 209,361	\$ 121,467	\$ 121,467	\$ -	
Supplies	(506)	-	\$ -	-	
Travel	3,192	1,682	\$ 1,682	-	
Equipment	38,453	-	\$ -	-	
Other	35,182	3,807	\$ 3,807	-	
Total	<u>\$ 285,682</u>	<u>\$ 126,956</u>	<u>\$ 126,956</u>	<u>\$ -</u>	
Total Costs	<u>\$ 550,000</u>	<u>\$ 255,212</u>	<u>\$ 255,212</u>	<u>\$ -</u>	
Total	<u>\$ 1,100,000</u>	<u>\$ 509,502</u>	<u>\$ 772,326</u>	<u>\$ -</u>	

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
2022 SPOTTED LANTERNFLY PROGRAM
YEAR ENDED DECEMBER 31, 2022**

	<u>Budget</u>	<u>Expended 2022</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
<u>Sub-Contract Period</u>				
1/1/22-12/31/22	\$ 15,000	\$ 27,362	\$ 27,362	\$ -
CFDA 10.025			-	-
	<u>\$ 15,000</u>	<u>\$ 27,362</u>	<u>\$ 27,362</u>	<u>\$ -</u>

See accompanying notes to financial statements.

INDEPENDENT AUDITOR'S REPORTS



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Commissioners

Hudson Regional Health Commission

Secaucus, New Jersey 07628

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hudson Regional Health Commission ("Commission"), as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated January 12, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

East Hanover, New Jersey

January 12, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE Fax (973) 602-3317

The Board of Commissioners

Hudson Regional Health Commission

Secaucus, New Jersey 07628

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hudson Regional Health Commission's ("Commission") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended December 31, 2022. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Commission's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

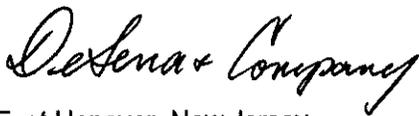
Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



East Hanover, New Jersey

January 12, 2024

HUDSON REGIONAL HEALTH COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Part 1 - Summary of Auditor's Results

Financial Statement Section

- A) Type of auditor's report issued: Unqualified
- B) Internal control over financial reporting:
- 1) Material weakness(es) identified? __yes Xno __n/a
- 2) Were reportable condition(s) identified that were not considered to be material weaknesses? __yes Xno __n/a
- C) Noncompliance material to general purpose financial statements noted? __yes Xno __n/a

Federal Awards Section

- D) Dollar threshold used to determine Type A programs \$750,000
- E) Auditee qualified as low-risk auditee? Xyes __no __n/a
- F) Type of auditor's report on compliance for major programs Unqualified
- G) Internal control over compliance:
- 1) Material weakness(es) identified? __yes Xno __n/a
- 2) Were reportable condition(s) identified that were not considered to be material weaknesses? __yes Xno __n/a
- H) Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? __yes Xno __n/a

I) Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
94.423	N.J. Department of Health
94.069	(Hiper Lincs Agencies)
93.323	7/1/21 – 6/30/22; 7/1/22-6/30/23
21.019	County of Hudson COVID19 Virus & Pandemic 12/1/22-12/31/22

HUDSON REGIONAL HEALTH COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED December 31, 2022

Part 1 - Summary of Auditor's Results (Continued)

State Awards Section

- J) Dollar threshold used to determine Type A programs \$750,000
- K) Auditee qualified as low-risk auditee? X yes _ no _ n/a
- L) Type of auditor's report on compliance for major programs Unqualified
- M) Internal control over compliance:
- 1) Material weakness(es) identified? _ yes X no _ n/a
- 2) Were reportable condition(s) identified that were not considered to be material weaknesses? _ yes X no _ n/a
- O) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08? _ yes X no _ n/a

P) Identification of major programs:

Contract Number(s)

Name of State Program

None

HUDSON REGIONAL HEALTH COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Part 2 - Schedule of Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements that Government Auditing Standards requires reporting in an audit in accordance with the Uniform Guidance.

NONE

HUDSON REGIONAL HEALTH COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

*Part 3 - Schedule of Federal and State Award Findings
And Questioned Costs*

This section identifies the reportable conditions, material weaknesses, and material instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by the Uniform Guidance and New Jersey OMB Circular 15-08.

NONE